

REGULAR CITY COUNCIL MEETING  
NOVEMBER 24, 1986

PRESENT

Ruth Hansen	Mayor
Craig Greathouse	Council Member
Don Dafoe	Council Member
David Church	Council Member
Neil Dutson	Council Member
Gayle Bunker	Council Member

ABSENT

None

OTHERS PRESENT

Jim Allan	City Manager
Dorothy Jeffery	City Recorder
Warren Peterson	City Attorney
Richard Waddingham	Deputy City Attorney
John Quick	City Engineer
Bryce Ashby	Fire Chief
Max Wood	Parks & Recreation Director
LaMond Palmer	Parks Supervisor
Dale Robinson	Parks & Recreation Intern
Richard K. Turner	Richard K. Turner, C.P.A.
Greg Nielsen	Richard K. Turner, C.P.A.
Warren Jensen	Millard County Commissioner
Robyn Pearson	Millard County Administrator
Ray Brown	Hinckley Lions Club
Martin Ludwig	City Resident

Mayor Ruth Hansen called the meeting to order at 7:00 p.m. Dorothy Jeffery, City Recorder, acted as secretary. Mayor Hansen stated that notice of the meeting time, place and agenda was posted at the principal office of the governing body located at 76 North 200 West and was provided to the Millard County Chronicle/Progress, the local radio station, KNAK, and to each member of the City Council by personal delivery two days prior to the meeting.

ACCOUNTS PAYABLE

The Council reviewed the accounts payable, a list of which had been given to them two days prior to the meeting. Following a brief discussion of the accounts payable, Council Member Don Dafoe MOVED that the accounts payable be approved for payment in the amount of \$82,479.30. Council Member Dafoe also MOVED that Attorney Warren Peterson's bill in the amount of \$4,402.63, and Westside Grading in the amount of \$5,978.75 be approved for

payment. The motion was SECONDED by Council Member Craig Greathouse. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

JIM ALLAN/BONNIE SWEAT: CONTRIBUTORY/NON-CONTRIBUTORY RETIREMENT

Mayor Hansen explained that Bonnie Sweat, Representative for the Utah State Retirement Office had been requested to be in attendance to address the issue of Contributory or Noncontributory Retirement. However, Ms. Sweat was unable to attend the meeting. Mayor Hansen excused Bonnie Sweat and asked City Manager Jim Allan to review with the Council Contributory and Non-Contributory Retirement.

Mr. Allan prepared and reviewed the following information with the Council:

## FACT SHEET ON CONTRIBUTORY/NONCONTRIBUTORY RETIREMENT SYSTEM

- I. PURPOSE:
- (1) To decide whether the City shall have new employees join the contributory or noncontributory retirement system and to make a resolution to join or not to join.
  - (2) To decide for existing employees whether the 2.65% savings acquired in participating in the Noncontributory Retirement System shall be placed in a 401(k) salary deferral program for the employees.

## II. GENERAL

### A. New Employees

Presently the City has its employees on the State Contributory Retirement System. The City Council has the option to join the State Noncontributory Retirement System. The decision has to be made prior to 1 January 1987.

### B. Existing Employees

The City's present employees have six (6) months after the City Council decides to join or not to join the new system to make their own decision to sign up for coverage under the Noncontributory System or to remain with the present system.

### C. Employee Hearing

A hearing was held for existing City employees on 7 November in which the concept was presented and discussed. The benefits of each plan was discussed as well as what could be done with the 2.65% savings when participating in the Noncontributory System.

## III. CONTRIBUTORY RETIREMENT SYSTEM

Under the present system, 9.65% of an employees salary is deposited towards retirement with Utah State Retirement System. The employee is supposed to contribute 6.00% into the program, while the City has the responsibility to contribute 3.65% of the employees salary.

### Contribution

- A. The City has elected as part of the employees' benefit package, which is the general rule throughout the State with almost all cities, to contribute the full 9.65% into the retirement plan.

### Termination

B. Upon termination 100% of all contributions made by and for the employee, i.e. the 6.00% but not the remaining 3.65%, together with all interest accrued on the employee's account, shall be paid to the employee upon request.

1. This money can also remain in the retirement system upon termination so that the employee may use it as part of the retirement income or allowance.
2. All employees must acquire vested rights within the State's retirement system to use any money put into the system for retirement. Vested rights occur when the employee has been a member of the system for four (4) years. Those falling short of four (4) years may purchase time if there is a case of prior military service, Federal employment, and/or other municipal service which has not been counted.

### C. RETIREMENT

1. Benefits. Benefits are determined based on the last five (5) year average salary. The amount of contribution made into the system is not a factor.
2. Eligibility
  - a. One can retire when there is:
    - 4 years service at age 65.
    - 10 years service at age 62.
    - 20 years service at age 60.
    - 30 years service at any age.
  - b. Benefits will be reduced by 3% for each year under age 65 when retiring with less than 30 years of service.
3. Death Benefits. There is a death benefit provided through group insurance plus returning a members contribution.

## IV. NONCONTRIBUTORY RETIREMENT SYSTEM

Under this system, the City would contribute 7.00% of each employee's salary towards retirement. Therefore, there is a 2.65% savings between this program and the Contributory System. The employee would not be responsible to contribute anything to this plan. The City's responsibility would increase from 3.65% to 7.00%.

### A. Contribution

The City presently pays 9.65% towards employee retirement, and joining the Noncontributory system would result in a net savings of 2.65% percent for new

employees. As part of the employees' benefit package, the employees feel that the 2.65% should be contributed into a 401(k) deferral program.

B. Retirement

1. Benefits. Benefits in the Noncontributory system are determined based on the last three (3) years average salary. This results in a 4% to 8% average increase in retirement benefits for those serious about having a more effective retirement system over that of the Contributory system.

2. Eligibility

a. One can retire when there is:  
4 years of service at age 65.  
10 years of service at age 62.  
20 years of service at age 60.  
30 years of service at any age.

b. Benefits will be reduced by 3% for each year under age 65 if retiring with less than 30 years of service.

3. Death Benefit. Death Benefit is through group insurance based upon final average salary.

C. 401(k) Program.

1. General

Setting up a 401(k) program is beyond the required employer contribution to fund benefits under the Noncontributory System. Nevertheless, the City would not be paying any more than it presently is. The employees would benefit by having an additional source of retirement and would help offset having not obtained a cost of living expense this year.

2. New Tax Laws

The Internal Revenue Service permits the 401(k) supplemental program of public employees.

3. Contribution Limit

There is a 14% gross annual salary limit under the current system and a 15% under the Noncontributory. The new tax law reduces the maximum dollar amount to no more than \$7,000 a year to be contributed into a 401(k) plan.

4. Combination Plan

If the City Council would include the 401(k) plan with the Noncontributory plan, the employee would not only receive at least a 4%

increase in retirement through the new plan but would also receive the amounts shown in enclosure one.

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UTAH RETIREMENT OFFICE  
401(K) PROJECTION

Assuming the following:

Current annual salary = \$20,000.00  
2 percent salary increase per year  
7 percent interest earned  
Continuous employment to age 65  
Life expectancy at age 65: 15 years for men, 20 years for women

With 1 1/2 percent of salary going into the account:

Account balance in 20 years would be: \$15,118.13

If paid out over the employee's expected life span:

Men: \$135.00 per month  
Women: \$117.00 per month

Account balance in 30 years would be: \$37,329.93

If paid out over the employee's expected life span:

Men: \$335.00 per month  
Women: \$289.00 per month

If the employee puts an additional 1 1/2 % of his/her salary into 401(K),  
bringing the total contribution amount to 3 percent:

Account balance in 20 years would be: \$30,235.54

If paid out over the employee's expected life span:

Men: \$271.00 per month  
Women: \$234.00 per month

Account balance in 30 years would be: \$74,658.01

If paid out over the employee's expected life span:

Men: \$670.00 per month  
Women: \$578.00 per month

Mr. Allan then addressed questions from the Council. The Council requested more information before taking any action. Council Member Craig Greathouse MOVED to table this issue for further study. The motion was SECONDED by Council Member Don Dafoe. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

ROBYN PEARSON/WARREN JENSEN: COUNTY-WIDE REVOLVING LOAN FUND

Mayor Hansen asked Millard County Administrator Robyn Pearson to address the Council regarding a proposed County-wide Revolving Loan Fund.

Mr. Pearson reviewed with the Council a Millard County Community Development Block Grant (CDBG) Revolving Loan Fund Implementation Guide for the purpose of demonstrating how the Revolving Loan Fund operates.

Mr. Pearson said that the purposes of a Revolving Loan Fund are as follows:

- a. to create jobs for low to moderate income people
- b. to increase tax base
- c. to utilize downtown business districts
- d. to attract outside investments and encourage developers to participate

He also said that a revolving loan fund can be used for startup capital and working capital for businesses. Mr. Pearson indicated that the primary use of the fund is to purchase land, equipment or buildings so that a business can expand and hire additional employees.

Mr. Pearson reported that Millard County has received approximately \$70,000 to \$80,000 from CDBG per year, which has been used in Millard County for building new fire stations and additions to fire stations.

Mr. Pearson said that Millard County would like to propose that Delta City and other cities in Millard County forego application for CDBG monies and consolidate CDBG funds to establish a revolving loan fund within Millard County.

City Manager Jim Allan said that the City Council made a decision prior to this meeting that it would establish its own revolving loan fund, and the City has submitted a preapplication to CDBG for \$40,000. Mr. Allan then explained that Mr. Pearson is asking that the City forego application and join with Millard County to establish a unified fund for industrial development.

Mr. Pearson said that Millard County's chances of obtaining a loan are jeopardized if Delta City or any city in Millard County applies for CDBG money. He said that it is the long term intent

of Millard County to pool enough money together to establish a revolving loan fund within Millard County from which cities and towns may obtain funding. Commissioner Warren Jensen explained how other counties are using revolving loan funds.

No Council action was taken on this issue.

RAY BROWN: HINCKLEY LIONS CLUB DEMOLITION DERBY

Mayor Hansen asked Ray Brown of the Hinckley Lions Club to address the Council.

Mr. Brown requested Council's approval to hold a Demolition Derby at the Deseret Fair Grounds July 4, 1987, at 7:00 p.m., to be held in conjunction with Delta City's Fourth of July Celebration.

Council Member Craig Greathouse MOVED to approve a Demolition Derby to be held July 4, 1987. The motion was SECONDED by Council Member Gayle Bunker. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

JOHN QUICK: PARTIAL PAYMENT ESTIMATE NO. 3-ROLFE CONSTRUCTION CO. - OPEN DRAIN ENCLOSURE PROJECT

Mayor Hansen asked City Engineer John Quick to present his payment request to the Council.

Mr. Quick reviewed Partial Payment Estimate No. 3 for Rolfe Construction Co. on the Open Drain Enclosure Project. Mr. Quick explained that the pay request is from October 2, to November 3, 1986, with 5% being retained for a total of \$39,526.05.

Following further discussion, Council Member Craig Greathouse MOVED to approve Partial Payment Estimate No. 3 to Rolfe Construction in the amount of \$39,526.05. The motion was SECONDED by Council Member David Church. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

Attorney Warren Peterson then discussed an agreement between Delta City and Melville Irrigation Company regarding replace of 15 inch corrugated pipe with 24 inch diameter concrete pipe at approximately 200 South and 600 East Streets in Delta.

The City Council discussed plans to enter into an agreement with Melville Irrigation Company to remove a section of concrete-lined irrigation canal and to replace a 15 inch corrugated pipe running beneath said canal, with a 24 inch concrete pipe; this portion of

which is to upgrade the existing lines and to expand the flow for a more efficient drainage system. The Council further discussed the liability aspects associated with upgrading which could result from failure of the replaced portion of the concrete canal, if the failure of the replaced portion is the result of improper design, construction for installation procedures, or failure to use appropriate construction materials.

It was the Council's desire that the liability that may result due to the construction and replacement of the existing system should not be shouldered by the City for an indefinite period of time. The Council instructed Attorney Warren Peterson or Deputy Attorney Richard Waddingham to request a time limitation regarding the City's liability when they meet with members of the Melville Irrigation Company to negotiate an agreement.

Council Member Neil Dutson MOVED that Delta City negotiate with Melville Irrigation Company for the replacement of the corrugated pipe with the concrete pipe. The motion was SECONDED by Council Member David Church. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

RICHARD TURNER/GREG NIELSEN: AUDIT REPORT FOR YEAR ENDING JUNE 30, 1986

Mayor Hansen asked Richard K. Turner to review with the Council the Audit Report for year ended June 30, 1986.

Greg Nielsen of Richard K. Turner, CPA, reviewed with the Council in detail the City of Delta - Report on Audit For the Year Ended June 30, 1986, as on file.

Following review and discussion of the audit report, Council Member David Church MOVED that the Audit Report for year ended June 30, 1986, be approved as presented. The motion was SECONDED by Council Member Don Dafoe. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

MAX WOOD: ACCEPTANCE OF 3 GANG MOWER & FOUR WHEELER BIDS

Mayor Hansen asked Parks & Recreation Director Max Wood to review bids received for a 3 Gang Mower & a Four Wheeler to be used in the Parks & Recreation Department.

Mr. Wood then presented a copy of bid quotations received on a 3 Gang Mower from Highland Equipment Company, the apparent low bidder, in the amount of \$5,350, Stan Bonham Company, Inc. in the amount of \$5,745, and Delta Cycle for a Quick Silver Mower in the amount of \$1,010 and \$1,260. He reviewed them in detail with the Council.

Mr. Wood then presented a copy of bid quotations received on a Yamaha (Big Bear) Four Wheeler from Delta Sports Center, the apparent low bidder, in the amount of \$2,685, and Delta Cycle on a Honda TRX 350 in the amount of \$3,049. He reviewed them in detail with the Council.

Council Member Don Dafoe MOVED to award the bid for a 3 Gang Mower to Highland Equipment Co. in the amount of \$5,350 and award the bid for a Yamaha (Big Bear) Four Wheeler to Delta Sports Center in the amount of \$2,685. The motion was SECONDED by Council Member Craig Greathouse. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

#### MAX WOOD: PARKS & RECREATION DEPARTMENTAL REPORT

Mayor Hansen asked Parks & Recreation Director Max Wood to report on the activities of the Parks & Recreation Department.

Max Wood presented a Delta City Parks & Recreation Update from September 1, 1985 through September 1, 1986, as on file, and reviewed it in detail with the Council.

Mr. Wood complimented his co-workers on the fine job they do in the Parks & Recreation Department. Mayor Hansen commended Mr. Wood on his presentation and work in the Parks & Recreation Department.

There was no Council taken.

#### CITY ACTIVITY REPORT

Mayor Hansen requested the Council appoint a Mayor Pro Tempore to preside in her absence at the next regular City Council meeting.

Council Member Craig Greathouse MOVED to appoint Don Dafoe as Mayor Pro Tempore. The motion was SECONDED by Council Member David Church. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously.

Martin Ludwig asked the Council if the City ditches have been sterilized. Mr. Allan reported that starting November 1, 1986, the ditches will be sterilized as part of a weed control program.

Mayor Hansen said that there are people who would like to build homes at different locations within Delta City but the zoning does not allow them to do so. The Council said that Neil Forster should work with these people.

Council Member Neil Dutson said that Millard County has asked that Delta City wait to have the Delta City landfill closed until some of the other landfills are covered.

Council Member Don Dafoe asked about the status of the Airport Annexation. Attorney Peterson said that the water rights, final contract, and lawsuit documents have been signed. The water dedication donation conveyance agreement is being reviewed at the present time.

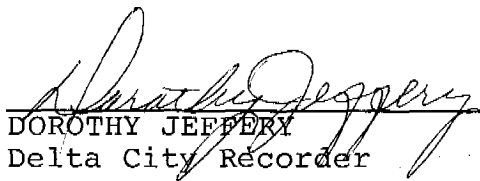
Council Member Don Dafoe asked about the Airport Crack Seal Project. Mr. Allan said that the grant application is still being considered by the State.

Council Member Craig Greathouse asked about the repair of 200 North and 200 East Street, and said it was supposed to be completed this Fall.

Mr. Greathouse also requested to see the total outlay for computer programming.

Mayor Hansen asked if there were any further comments or questions or items to be discussed. There being none, Council Member Craig Greathouse MOVED to adjourn. The motion was SECONDED by Council Member David Church. Mayor Hansen asked if there were any further comments or questions regarding the motion. There being none, she called for a vote. The motion passed unanimously. Mayor Hansen declared the meeting adjourned at 10:30 p.m.

  
RUTH HANSEN, Mayor

  
DOROTHY JEFFERY  
Delta City Recorder

MINUTES APPROVED: RCCM 12-08-86